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AZ CORP. DIVISION
DOCKET CONTROL

Attorneys for Keaton Development Company

BEFORE THE ARIZONA CORPORATION COMMISSION

IN THE MATTER OF THE APPLICATION OF) DOCKET NO. W-02169A-07-0098
KEATON DEVELOPMENT COMPANY FOR)
AN EXTENSION OF ITS CERTIFICATE OF)
CONVENIENCE AND NECESSITY FOR THE)
PROVISION OF WATER SERVICE IN)
PORTIONS OF LA PAZ COUNTY, ARIZONA,)

**COMPANY'S
OBJECTIONS TO THE STAFF
REPORT**

Keaton Development Company ("Keaton") hereby files its Objections to the Staff Report issued November 2, 2007 in accordance with the Procedural Order dated October 4, 2007.

1. In the Executive Summary and on Page 1 of the Staff Report it indicates that Sunshine Acres contains 37 lots. In fact, that subdivision has 107 lots as set forth in the Application at Exhibits E, G, H, and I. This should not impact on the analysis or the decision, but the record should accurately reflect the size of the development.

2. At Page 3, and at Further Recommendation 1, the Staff Report recommends that the Company file a Curtailment Tariff. Staff had informally informed the Company of this requirement, and the Company responded by filing in this Docket on October 31, 2007, a Curtailment Tariff in the Engineering Division's prescribed format. This Tariff should be approved in the context of this proceeding.

Arizona Corporation Commission

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3. At Page 4, Recommendation 3, the Staff Report calls for an ATC for Sunshine Acres. That was provided in the original Application at Exhibit G. The Salome Heights ATC will be provided as recommended.

4. Not as an Objection, but as a request for Staff to revise the Staff Report, on November 9, 2007, the Company docketed the ADEQ Compliance Status Report dated November 8, 2007, showing “No Major Deficiencies”. Therefore, the Staff should delete their primary recommendation of “denial” of the Application, and adopt a recommendation to grant the full CC&N, conditioned only on their Recommendations 1, 2, 3 as revised above, and 4, all in accordance with the above Objections

Subject to the above Objections, the Company accepts the recommendations of the Staff Report.

DATED this 01st day of November, 2007.

SALLQUIST, DRUMMOND & O'CONNOR, P.C.

By

Richard L. Sallquist
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Attorney for Keaton Development Company

Original and fifteen copies of the foregoing filed this 9th day of November, 2007, with:

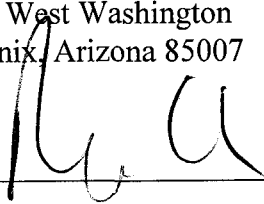
Docket Control
Arizona Corporation Commission
1200 West Washington
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1 A copy of the foregoing filed/mailed
this 9th day of November, 2007, to:

2 Hearing Division
3 Arizona Corporation Commission
1200 W. Washington
4 Phoenix, Arizona 85007

5 Utilities Division
6 Arizona Corporation Commission
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7 Legal Division
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